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JUN 14 2004 TOWNSHIP OF COLUMBUS
6/10 Luce County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

TOWNSHIP OF COLUMBUS
Luce County, Michigan

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INDEPENDENT AUDITOR'S REPORT

May 26, 2004

To the Township Board
Township of Columbus
Luce County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Columbus, Luce County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Columbus' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

The Township has not maintained a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the general purpose financial statements.

In our opinion, except that the omission of the financial statement described above results in an incomplete presentation, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Columbus, Luce County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Columbus, Luce County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF COLUMBUS
Luce County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES
March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Agency</u>	
<u>Assets</u>			
Cash in bank	138 918 07	64 56	138 982 63
Taxes receivable	1 483 26	-	1 483 26
Due from other funds	<u>64 56</u>	<u>-</u>	<u>64 56</u>
Total Assets	<u>140 465 89</u>	<u>64 56</u>	<u>140 530 45</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Due to other funds	<u>-</u>	<u>64 56</u>	<u>64 56</u>
Total liabilities	<u>-</u>	<u>64 56</u>	<u>64 56</u>
Fund equity:			
Fund balances	<u>140 465 89</u>	<u>-</u>	<u>140 465 89</u>
Total fund equity	<u>140 465 89</u>	<u>-</u>	<u>140 465 89</u>
Total Liabilities and Fund Equity	<u>140 465 89</u>	<u>64 56</u>	<u>140 530 45</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

Total
(Memorandum
Only)
General
Fund

Revenues:

Property taxes	7 230 66
P.I.L.O.T.S.	38 578 82
Charges for services – PTAF	4 001 22
State revenue sharing	14 688 66
Fire fees	15 420 90
Cemetery fees	1 400 00
Rents	290 00
Interest	2 186 46
Miscellaneous	<u>3 588 82</u>

Total revenues

87 385 54

Expenditures:

Legislative:

Township Board	2 375 00
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General government:

Supervisor	3 600 00
Elections	235 12
Assessor	2 631 36
Clerk	4 020 00
Treasurer	5 080 00
Financial administration	15 283 70
Township hall	9 961 88
Board of Review	775 00
Cemetery	2 609 93
Unallocated	114 96

Public safety:

Fire protection	21 827 91
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Public works:

Highways and streets	3 852 27
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Other:

Historical	25 44
Capital outlay	<u>7 500 00</u>

Total expenditures

79 892 57

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 2

	Total (Memorandum Only) <u>General Fund</u>
Excess of revenues over expenditures	7 492 97
Fund balance, April 1	<u>132 972 92</u>
Fund Balance, March 31	<u><u>140 465 89</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C
Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	6 415 00	7 230 66	815 66
P.I.L.O.T.S.	38 273 28	38 578 82	305 54
Charges for services - PTAF	1 620 13	4 001 22	2 381 09
State revenue sharing	12 759 20	14 688 66	1 929 46
Fire fees	14 500 00	15 420 90	920 90
Cemetery fees	350 00	1 400 00	1 050 00
Rents	260 00	290 00	30 00
Interest	500 00	2 186 46	1 686 46
Miscellaneous	2 355 00	3 588 82	1 233 82
Total revenues	<u>77 032 61</u>	<u>87 385 54</u>	<u>10 352 93</u>
Expenditures:			
Legislative:			
Township Board	2 470 00	2 375 00	(95 00)
General government:			
Supervisor	3 600 00	3 600 00	-
Elections	8 000 00	235 12	(7 764 88)
Assessor	6 000 00	2 631 36	(3 368 64)
Clerk	4 055 00	4 020 00	(35 00)
Treasurer	5 455 00	5 080 00	(375 00)
Financial administration	24 000 00	15 283 70	(8 716 30)
Township hall	12 000 00	9 961 88	(2 038 12)
Board of Review	1 500 00	775 00	(725 00)
Cemetery	5 000 00	2 609 93	(2 390 07)
Unallocated	290 00	114 96	(175 04)
Public safety:			
Fire protection	67 500 00	21 827 91	(45 672 09)
Public works:			
Highways and streets	30 000 00	3 852 27	(26 147 73)
Sidewalks	8 000 00	-	(8 000 00)
Recreation:			
Parks and recreation	2 500 00	-	(2 500 00)
Other:			
Historical	1 000 00	25 44	(974 56)
Contingency	18 632 14	-	(18 632 14)
Capital outlay	<u>7 500 00</u>	<u>7 500 00</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Total expenditures	<u>207 502 14</u>	<u>79 892 57</u>	<u>(127 609 57)</u>
Excess (deficiency) of revenues over expenditures	(130 469 53)	7 492 97	137 962 50
Fund balance, April 1	<u>131 969 53</u>	<u>132 972 92</u>	<u>1 003 39</u>
Fund Balance, March 31	<u>1 500 00</u>	<u>140 465 89</u>	<u>138 965 89</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Columbus, Luce County, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Columbus. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

This fund is used to account for assets held as an agent for others.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (continued)

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was .9427 mills, and the taxable value was \$6,817,200.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. The Township has not established the General Fixed Assets Group of Accounts which is required by generally accepted accounting principles.

Investments

Investments are stated at market.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>138 982 63</u>

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	139 339 85
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>139 339 85</u>

The Township of Columbus did not have any investments as of March 31, 2004.

Note 3 – Interfund Receivables and Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>64 56</u>	Current Tax Collection	<u>64 56</u>
Total	<u>64 56</u>	Total	<u>64 56</u>

Note 4 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 – Building Permits

The Township of Columbus does not issue building permits. Building permits are issued by the County of Luce.

Note 8 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF COLUMBUS
Luce County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	<u>2 375 00</u>
Supervisor:	
Salary	<u>3 600 00</u>
Elections	<u>235 12</u>
Assessor:	
Wages	<u>2 631 36</u>
Clerk:	
Salary	3 600 00
Salary – Deputy Clerk	<u>420 00</u>
	<u>4 020 00</u>
Treasurer:	
Salary	4 800 00
Salary – Deputy Treasurer	<u>280 00</u>
	<u>5 080 00</u>
Financial administration:	
Tax roll preparation	4 110 64
Insurance	3 491 00
Publications	924 40
Payroll taxes	2 775 39
Postage	957 61
Miscellaneous	<u>3 024 66</u>
	<u>15 283 70</u>
Township hall:	
Wages	2 730 25
Repairs and maintenance	1 223 38
Utilities	3 388 81
Miscellaneous	<u>2 619 44</u>
	<u>9 961 88</u>
Board of Review	<u>775 00</u>
Cemetery:	
Wages	1 050 00
Miscellaneous	<u>1 559 93</u>
	<u>2 609 93</u>
Unallocated:	
Miscellaneous	<u>114 96</u>

TOWNSHIP OF COLUMBUS
Luce County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Fire protection:	
Wages	3 679 08
Supplies	5 775 70
Insurance	5 321 00
Utilities	3 215 12
Fuel	698 64
Repairs and maintenance	2 492 75
Miscellaneous	645 62
	<u>21 827 91</u>
Highways and streets:	
Repairs and maintenance	<u>3 852 27</u>
Historical:	
Miscellaneous	<u>25 44</u>
Capital outlay	<u>7 500 00</u>
Total expenditures	<u><u>79 892 57</u></u>

TOWNSHIP OF COLUMBUS
Luce County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	<u>41 11</u>	<u>220 221 65</u>	<u>220 198 20</u>	<u>64 56</u>
Total Assets	<u>41 11</u>	<u>220 221 65</u>	<u>220 198 20</u>	<u>64 56</u>
<u>Liabilities</u>				
Due to other funds	<u>41 11</u>	<u>7 498 91</u>	<u>7 475 46</u>	<u>64 56</u>
Due to others	<u>-</u>	<u>212 722 74</u>	<u>212 722 74</u>	<u>-</u>
Total Liabilities	<u>41 11</u>	<u>220 221 65</u>	<u>220 198 20</u>	<u>64 56</u>